

**SUMMARY OF THE REGULAR MEETING OF THE
ARIZONA STATE RETIREMENT SYSTEM
EXTERNAL AFFAIRS COMMITTEE**

**HELD ON
Friday, March 3, 2006
10 a.m., MST**

The External Affairs Committee (EAC) of the Arizona State Retirement System (ASRS) met in regular session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, AZ, 85012. Mr. Jaime Gutierrez, Chairperson, called the meeting to order at 10 a.m.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona, 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Jaime Gutierrez, Chairperson - Teleconferenced
 Mr. Steven Zeman, Vice-Chairperson - Teleconferenced
 Dr. Keith Meredith - Teleconferenced

Absent: Mr. Christopher Harris

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of Minutes of the February 3, 2006, EAC Meeting

Mr. Zeman moved that the External Affairs Committee approve the minutes of the February 3, 2006 EAC meeting.

Dr. Meredith seconded the motion.

The motion passed unanimously.

3. Presentation, Discussion and Appropriate Action Regarding Notice of Proposed Rulemaking for Article 7, Contributions Not Withheld. Ms. Nancy O. Johnson, ASRS Rules Coordinator, addressed the Notice of Proposed Rulemaking for Article 7, Contributions Not Withheld to the Committee. This rulemaking specifies how the ASRS handles claims when required contributions are not withheld, including the procedure for:

1. Notifying ASRS that less than the correct amount of contributions may have been paid into ASRS by an employer,

2. Determining whether less than the correct amount of contributions has been paid into ASRS by an employer,
3. Determining the amount of contributions that shall be paid into the ASRS,
4. Disputing ASRS determinations involving contributions not withheld, and
5. Specifying how the contributions shall be paid into ASRS.

Mr. Zeman moved that the External Affairs Committee recommend to the Board of Trustees that the Board approve the Notice of Proposed Rulemaking for Article 7, Contributions Not Withheld.

Dr. Meredith seconded the motion.

The motion passed unanimously.

4. **Presentation, Discussion, and Appropriate Action Regarding Legislation for the 2006 Legislative Session Relating to the ASRS.** Mr. Patrick Klein presented and discussed the status of legislation submitted by the ASRS for the 2006 Legislative Session. Legislation included:
 - 1) **HB 2101** ASRS Terminated Employees; Contribution Refunds - Will be in PIR on 3/6
 - 2) **HB 2103** ASRS Local Termination Incentive Program – COW on 3/1
 - 3) **HB 2104** ASRS Retiree Health Care – Second read on 1/18 - stalled
 - 4) **HB 2105** ASRS Investment Management Qualifications – Now HB 2115 and moving
 - 5) **HB 2340** ASRS Deferred Retirement; Repeal – PIR on 3/2 do pass
 - 6) **SB 1167** ASRS Optional Forms of Retirement – Third read on 3/2
 - 7) **SB 1168** ASRS Federal Conforming Changes (Minimum Distribution Requirements, USERRA, Period Certain Beneficiary, Interest Rate) – PIR on 2/27 DPA
 - 8) **SB 1169** ASRS LTD Program; Offsets – PIR agenda 3/6
5. **Presentation, Discussion, and Appropriate Action Regarding Other Introduced Legislation for the 2006 Legislative Session Relating to the ASRS.** Mr. Klein presented the other Legislation and Public Policy Issues Relating to the Business of the ASRS submitted by other parties during the 2006 Legislative Session. The majority of these bills are listed because they may have an effect on operations of the ASRS as a State Agency. Other bills could be used as a striker or placeholder that could have some impact on the ASRS.
 - a) **HB 2082** ASRS Benefit Elections, Spousal Notification – 3/3 transmit to Senate
 - b) **HB 2209** Tech Correction; Administrative Procedure; Exemptions (Rules) – 2/28 transmit to Senate
 - c) **HB 2231** State Employees; Annual Leave Transfers - currently exempt; 3/3 transmit to Senate, second read
 - d) **HB 2244** Social Security Numbers; Government Requests - Dead
 - e) **HB 2335** ASRS Return to Work Requirement – now ASRS Continuation of Agency, 2/28 transmit to Senate 3/1 first read
 - f) **HB 2390** ASRS Retirees; Graded Multiplier Increase – admin costs are \$651,400, stalled
 - g) **HB 2417** State Salary Adjustment; Appropriation -Dead
 - h) **HB 2476** State Retirees; Health Insurance Payments – 2/6 PIR, would impact ADOA
 - i) **HB 2482** CORP; Return to Work – 3/1 transmit to Senate

- j) **HB 2604** Treasurer's Risk Report; Technical Correction (same as HB 2402) - watching
- k) **HB 2661** State Employees; Pay Increase (same as SB 1202) –signed on 1/30/06
- l) **SB 1013** State Agencies; Summary Rule Making (Rules) – Dead
- m) **SB 1105** Personnel Files; Rights to Copies - watching
- m) **SB 1228** CORP; Reverse Deferred Retirement Plan- watching
- o) **SB 1246** Treasury Monies; Investment - stalled
- p) **SB 1247** State Treasurer; Pooled Investments - stalled
- q) **SB 1262** Tech Correction; Political Subdivision - watching
- r) **SB 1263** Tech Correction; Global Risk – now AZ Global Network Project Fund- 3/2 COW

6. **Future EAC Agenda Items** Mr. Jaime Gutierrez
- 1.) The next EAC will be Friday, April 7, 2006 at 10 a.m.
 - 2.) Continued discussion of the ASRS bills and other related bills.
 - 3.) Proposed Rules

7. **Call to the Public**Mr. Jaime Gutierrez
- Dan Cadriel from PacifiCare presented a brief synopsis of the issues presented by Mr. Terry Dorsett regarding retiree health insurance changes with PacifiCare and Secure Horizons problems that he has experienced. Mr. Klein met with the Dorsett's and is working with Mr. Cadriel to find solutions for their issues.

8. **Adjournment of the ASRS External Affairs Committee**

Mr. Zeman moved that the External Affairs Committee adjourn.

Dr. Meredith seconded the motion.

The motion passed unanimously.

Mr. Jaime Gutierrez, Chairperson of the EAC adjourned the March 3, 2006 meeting at 10:42 a.m.

Respectfully Submitted by,

Michelle Fink
Committee Secretary

Date

Patrick M. Klein
Assistant Director, External Affairs

Date